



## CASE STUDY:

National retail company uses Cadient's Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.

## CASE STUDY:

**National retail company uses Cadient's Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.**

Learn how a client used Cadient's Text2Refer employee referral program to cut their time-to-hire by 17% and significantly improve employee retention. This enabled them to save recruiting costs of over \$500 thousand per year. Even better, increased employee retention was a major factor in improved employee productivity, better customer experience and a more fulfilled employee workforce.

## BACKGROUND

Our client is a large national retail company with hundreds of stores in more than 30 states within the continental United States. The company has thousands of employees and most of the workforce is paid on an hourly basis. Hiring responsibility is distributed meaning that once the corporate human resource department establishes the talent acquisition program, each store manager is primarily responsible for reviewing applicants and making the hiring decisions.

## CASE STUDY:

National retail company uses Cadient’s Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.

### SITUATION



The company was experiencing good applicant flow. The applicant to hire ratio was around 20 to 1. Even their lowest performing locations received around 6 to 8 applications for every hire. The best stores were at over 100 applications per hire.

Despite the ample volume of applicant flow, the company struggled with employee turnover. Turnover for their store workers averaged 75% at 180 days and well over 100% at 365 days. This high rate of employee turnover caused many problems. Direct costs associated with hiring a replacement total \$2,500 per hire – a real drain on their profitability. The indirect costs of a perpetually inexperienced workforce showed up in the form of unsatisfactory customer experience, waste and errors due to mistakes and low employee morale.

Cadient’s mission was to analyze the talent acquisition program, make recommendations for improvement and help implement those recommendations to improve the quality of hire.

***“Hiring managers were frequently hiring candidates who turned over quickly, resulting in the need to constantly hire replacement employees.”***

## CASE STUDY:

**National retail company uses Cadient’s Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.**

## PROBLEM ANALYSIS



In analyzing the talent acquisition program, Cadient determined that nearly 40% of all applicants came from online job boards. The company spent several hundred thousand dollars each year to generate this applicant traffic. However, the quality of candidates received was low. Employees sourced through online job boards turned over at a much higher rate than other applicant sources. Retention was about half of the better applicant sources.

The client didn’t need a higher quantity of candidates. What they needed was to improve the quality of candidates through better sources. But where to turn? It’s not easy to attract candidate traffic to your company’s career site or get more walk-ins or gain attraction through social media. This company found the answer in gaining more employee referrals.

## CASE STUDY:

National retail company uses Cadient’s Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.

## SOLUTION



Cadient recommended that the client increase their quality of candidate traffic through use of Cadient’s Text2Refer product. Integrating and optimizing an employee referral program is not a daunting task. And it’s well worth the effort. An effective employee referral program can drive quality candidates to your application process quickly, speed up time-to-hire, increase productivity, and minimize costly turnover. Cadient has a vast amount of client data that proves this point over and over again.

Cadient Text2Refer is like hiring a full-time team of recruiters to manage your employee referral efforts. Starting with sourcing referrals from employees to following up with candidates, updating employee status of referrals, and tracking the referral bonus so nothing falls through cracks – we have every nook and cranny covered. The platform is automated, intuitive, easy to use and mobile optimized so your employees can access it from anywhere at any time.

## CASE STUDY:

**National retail company uses Cadient's Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.**

## RESULTS

The client's implementation of Text2Refer was quick and easy – it only took one week. Cadient guided the client through the process of making decisions about the amount of the referral fee, the length of time the new employee had to stay on the job until the referral fee was earned and other stipulations around managing the program. Employees grew excited about the opportunity to refer friends and acquaintances for jobs at their company. The best employees were anxious to tell others about their employer and how much they enjoyed working there. And, of course, they were interested in the referral fee.

Prior to the implementation of Text2Refer, the client sourced only 6% of their applicants through employee referrals. However, they hired 16% of those applicants. The employee referral applicant to hire ratio was 6.7 to 1.0. That's a huge improvement compared to the job board applicant to hire ratio which was almost 50.0 to 1.0.

Over several months, Text2Refer gained more and more traction within the company. The percentage of applicants from employee referrals improved dramatically. More importantly, the percentage of new hires increased from 16% to 30%. This increase meant that they were relying less (and spending less) on attracting candidates from a much less reliable source, namely online job boards.

## CASE STUDY:

National retail company uses Cadient’s Text2Refer employee referral program to reduce time-to-hire, improve employee retention and save hundreds of thousands of dollars each year.

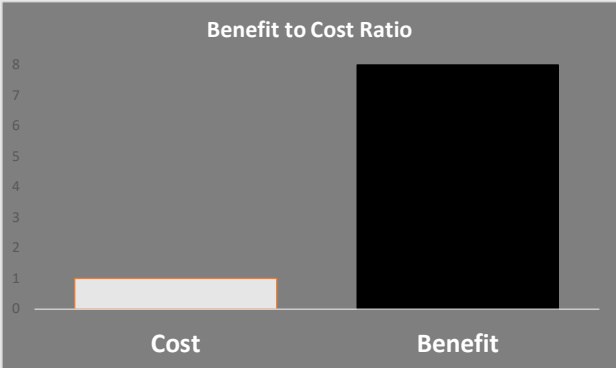
# BENEFITS

That’s a nice story but let’s quantify what it means. The first benefit is that time-to-hire improved substantially because more new hires were referrals. And the time-to-hire for referred employees was almost cut in half. Candidates who are referred already know something about the company through the friend that referred them. The first interaction with them is through a text message. They pay more attention to text messages and respond quicker. They’re also more likely to engage in the interview process and accept job offers in less time than other types of candidates. Our client was able to reduce overall time-to-hire from 24 days down to 20 days, a 17% reduction.

The second benefit is improved tenure (or reduced turnover). First-year tenure for new hires sourced through employee referrals is 20 percentage points higher than those employees sourced through public job boards.

For our client, that increase in tenure (or reduction in turnover) meant that they didn’t need to hire as many people during the first year because their quality of hire had improved. In fact, they hired 210 fewer people during the first year.

The direct cost to replace an employee is well documented to be around \$2,500. Many believe it’s much higher, maybe three times as high, when indirect costs are included. But to be conservative, let’s use the direct cost figure. By reducing the need to hire 210 people, the company was able to save \$525,000 in recruiting costs in the first year. Taking into account the license fee for Text2Refer and the increase in referral fees, the company was able to achieve a benefit to cost ratio of 8 to 1 on their investment. Think about that. That’s a payback period of 1.5 months!







## TAKE THE NEXT STEP

Use our Text2Refer employee referral program to help you quickly identify and hire the talent you need to take your company to the next level while saving money and improving your company's reputation.

Cadient specializes in talent acquisition solutions for companies with large, distributed workforces that want to hire the best candidates before the competition! We're committed to helping you find and hire the highest quality candidates with hiring solutions that improve your business outcomes.

To learn more visit us at [Employee Referral Program | Cadient Talent](#) and click on "Let's Have A Conversation" to get started.

***“Text2Refer has been a game changer for our business. It's really the holy grail of job advertising. It feels like we have turned every employee into a recruiter.”***